

The Effect of Entrepreneurial Learning on Business Performance A Study on Micro, Small and Medium Precious Metal Craft Enterprises in South Sulawesi

by Tim Penilai Kum Fe Unm

Submission date: 28-Feb-2021 12:03PM (UTC+1030)

Submission ID: 1519889734

File name: nd_Medium_Precious_Metal_Craft_Enterprises_in_South_Sulawesi.pdf (253.19K)

Word count: 3946

Character count: 22127

The Effect of Entrepreneurial Learning on Business Performance: A Study on Micro, Small and Medium Precious Metal Craft Enterprises in South Sulawesi

Ratnah S¹, Amiruddin Tawe², Abdi Akbar³, Muhammad Rakib⁴

^{1,2,3,4} Economics Department, Universitas Negeri Makassar, Indonesia

Corresponding Author: Ratnah S

Abstract: Small precious metal craft enterprises are one of South Sulawesi's income sources. In managing these enterprises, various obstacles faced by the actors. The provincial government of South Sulawesi has tried to improve the performance of precious metal craft enterprises through revolving fund, education and training, and market expansion programs, but the results have not yet shown significant results. A common problem found is low work motivation, which resulted in a decrease in performance of these enterprises. The lack of product innovation is caused by the lack of entrepreneurial learning, which impacts on the lack of knowledge in managing precious metal craft enterprises. Referring to the various phenomena above, the question that arises is "does entrepreneurial learning affect the performance of the precious metal craft enterprises in South Sulawesi Province?" The sample of this study consists of 271 people spread in 1 city and 2 regencies, namely Makassar City, Sidrap Regency, and Jenepono Regency. The techniques of data collection used are questionnaire, observation, interview, and documentation. The technique of data analysis employed is simple linear regression analysis. The results of this study indicate that entrepreneurial learning affects the performance of the precious metal craft enterprises. Based on the results of this study, Provincial and Central Government are recommended to provide education and training on product innovation in order to improve the performance of these enterprises. The government is also expected to provide education and training for the actors on the importance of registering their business with the Department of Cooperatives and SMEs so as to give them the opportunity to participate in education and training held by the Government.

Keywords: Entrepreneurial learning, Business Performance, Small Business

Date of Submission: 11-01-2018

Date of acceptance: 03-02-2018

I. Introduction

Small and informal enterprise is a business sector that has been proven to play a strategic or important role in overcoming the impacts and effects of the economic crisis that once hit Indonesia in 1997. On the other hand, the small and informal enterprise sector has also been able to contribute in boosting Indonesia's economic growth all this time. The small and informal enterprise sector has a strategic position because it has several advantages over large/medium enterprises. The advantages of this sector include having the ability to absorb labour and utilize local resources, and being relatively flexible.

Another evidence of the strategic role played by Micro, Small and Medium Enterprises (MSMEs) sector is its ability to be the main pillar of the Indonesian economy. Based on data from BPS (Statistics Indonesia) in 2005, the number of MSMEs reached 42.39 million units or about 99.85% of the total enterprise units in Indonesia and they were able to absorb approximately 99.45% of workers from a total of about 76.54 million workers. In addition, the MSME sector was also able to provide about 57% of the needs for goods and services, contribute 19% to exports, and contribute 2-4% to the national economic growth.

The MSMEs in Indonesia from year to year have increased, but a significant increase is only experienced by micro enterprises. This is caused by several factors; micro enterprises require only a small capital, the actors do not need special skills, and there are some government policies that provide training for beginner entrepreneurs. The following are data on the increase of MSMEs in Indonesia.

From the data on table 1, it can be seen that micro enterprises had increased by 1,296,207 units from 2011 to 2012 more than the other enterprises. This national data may serve as a useful reference for the government in determining a policy on micro industries. According to the South Sulawesi Province Accountability Report, the total workforce in South Sulawesi until 2013 had reached 3,468,192 out of the working-age population (aged 15-64) of 3,291,280 people, so the unemployment rate can be reduced to 176,912 people. On the other hand, the labour force participation rate (LFPR) decreased from 62.8% in 2012 to 60.5% in 2013. The Open Unemployment Rate (OUR) also decreased from 5.9% in 2012 to 5.1 % in 2013.

3

Micro enterprises that until now still can survive in post-financial crisis era and globalization era are precious metal craft enterprises. This is because the raw materials are locally available. In 1997, when the economic crisis hit Indonesia, the precious metal craft enterprises did not shut down; even they at that time seemed to make big profits because of the drastically soaring precious metal price from IDR.25.000/gram to IDR. 100.000,-IDR.160.000/gram, which continued to skyrocket until 2016, in which the price of precious metal was between IDR 500.000 -IDR 550.000/gram.

Table 1. The Development of MSMEs in Indonesia in 2011-2012

No	Indicator	Unit	2011	2012	Increase in 2011-2012
1	Micro Enterprise	(unit)	54.559.969	55.856.176	1.296.207
2	Small Enterprise	(unit)	602.195	629.418	27.223
3	Medium Enterprise	(unit)	44.280	48.997	4.717

The number of precious metal craft enterprises does not decline and is not influenced by the fluctuation of rupiah because the precious metals are no longer tertiary needs of the society. Nowadays, they become secondary and even, for some, primary needs. The culture of the people of South Sulawesi making precious metals a dowry in marriage bonds makes the existence of precious metal craft enterprises important for the society.

The results of observation done by the researcher in various regions in South Sulawesi Province reveal some problems faced by Micro, Small and Medium Precious Metal Craft Enterprises in South Sulawesi causing their performance to continue to decline. Some actors have high work motivation but their enterprise experiences drastic decline in performance. In addition, there are also actors who often attend training programs carried out by the government but they find their enterprise stagnant and even have to change their business or switch over to another business.

According to some literature reviews, there is a close relationship between entrepreneurial learning and business performance. A craftsman who often follows entrepreneurial learning will increase their innovation, which impacts on the improvement of his/her business performance. However, this is not in accordance with the reality seen by the researcher so as to provide a great opportunity to conduct a study on the Effect of Entrepreneurial Learning on the Performance of Precious Metal Craft Enterprises in South Sulawesi Province.

Referring to the background, the problem of the study concerns the effect of entrepreneurial learning on business performance. Therefore, the research question is formulated as follows: Does entrepreneurial learning affect the performance of the precious metal craft enterprises in South Sulawesi Province? In general, this study aims to analyse the effect of entrepreneurial learning on the performance of the precious metal craft enterprises in South Sulawesi Province.

II. Literature Review

2.1 Entrepreneurial Learning

Learning is a permanent change in the individual knowledge that results from training [1]. In this case, the actors of precious metal craft enterprises will understand the process of product manufacturing and product marketing through education and training programs conducted by the government.

It is argued that most of the entrepreneurial families eventually take their children into their business from a very early age to help them carry out their business activities. Business is a part of their life [2]. Like other entrepreneurial families, their business is operated by their children, either small or large companies. Parents who have business in the field of precious metal crafts provide knowledge to their children through mentoring.

A child who gains entrepreneurial experience early will assist him/her in developing skills, competencies, and confidence to become a successful entrepreneur [3]. Moreover, it is argued that the criteria of an entrepreneur include creative, innovative, and able to collect resources and turn opportunities into profits under conditions of risk and uncertainty [4].

2.2 Business Performance

A study entitled "Human Resources, Service Quality and Performance" of eight five-star hotels in New Zealand has been conducted by [5] and he found that human resource development and service quality had a significant positive impact on financial performance. Furthermore, they found that human resource development has a greater contribution to financial performance.

Managers play an important role in developing the skills of subordinates. Similarly, developing skills of subordinates is important for managerial effectiveness. It is showed that the level of education and work experience affect the performance of small-scale enterprises in South Africa [6]. Entrepreneurs who have higher

level of formal education but are less-experienced tend to have lower performance than those with lower level of formal education but having more experience in working. A study entitled "Human Resources, Service Quality and Performance" of eight five-star hotels in New Zealand found that human resource development and service quality had a significant positive impact on financial performance. Furthermore, they found that human resource development has a greater contribution to financial performance.

2.3 Conceptual Framework

Micro Small and Medium Enterprises (MSMEs) in Indonesia are often considered experiencing business constraints such as lack of science and technology, work motivation and product innovation. This situation encourages the importance of learning to improve product innovation and work motivation, which can improve the business performance of precious metal craft enterprises. This rationale is further outlined in the conceptual framework presented in Figure 1 as follows.

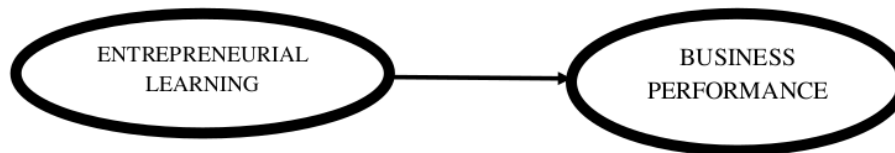


Figure 1. Conceptual Framework

2.4 Hypothesis

This study aims to examine the relationship between entrepreneurial learning and the performance of the precious metal handicraft business in South Sulawesi Province. Based on the conceptual model presented above, the formulation of the empirical problem is as follows: Entrepreneurial learning has a significant positive effect on the performance of the precious metal craft enterprises in South Sulawesi Province.

III. Research Method

3.1 Research Approach and Design

3.1.1. Simple Linear Regression

Linear regression views one variable as its variation that is influenced by another variable. The variable that affects another variable is called independent variable and the affected variable is called dependent variable. Regression analysis is used to measure the effect of independent variable (x) on variable dependent variable (y). The simple linear regression equation is formulated as follows: $Y = a + bX$

Where: Y = Performance, X = Motivation, a = Constant, b = Regression coefficient

To find the value of "a" and "b", the following formula is used:

$$b = \frac{n \cdot \sum xy - \sum x \cdot \sum y}{n \sum x^2 - (\sum x)^2}$$

3.1.2. Pearson Product-moment Correlation (R)

Pearson Product-moment correlation is used to find out the correlation between independent variable and dependent variable, using the correlation formula as follows:

$$r_{xy} = \frac{n (\sum xy) - (\sum x)(\sum y)}{\sqrt{[(n \sum x^2) - (\sum x)^2][(n \sum y^2) - (\sum y)^2]}}$$

Where: rxy = Correlation coefficient, $\sum x$ = Entrepreneurial learning, $\sum y$ = Business performance, and n = the total sample size

The correlation of PPM is denoted by "r" with the provision that the value is $-1 \leq r \leq +1$. The value of $r=-1$ means the correlation is perfectly negative, $r=0$ means no correlation, and $r=1$ means the correlation is perfectly positive.

IV. Results And Discussion

The results of measurement to variable indicators that formed an indicator or latent variable in this study by using confirmatory factor analysis are presented as follows.

4.1 Descriptive Characteristics of Respondents

This study was conducted in 1 city and 2 regencies, namely Makassar City, Jeneponto Regency and Sidrap Regency, with a total sample of 271 people. This study took place in modern and traditional markets in each location. The respondents were aged between 25-60 years old, with their educational background include elementary school to university, dominated by elementary school graduates as were there were only 5 respondents who graduated from university.

4.2 Inferential Statistical Analysis of Entrepreneurial Learning on Business Performance

The relationship of the two variables in the form of correlation and prediction of the two variables is described by using inferential analysis.

4.2.1 Correlation Value

Interpretation of correlation is determined by positive (+) or negative (-) sign, correlation direction, and whether or not the correlation is strong. The conclusion that can be drawn related to the correlation between entrepreneurial learning and the performance of the precious metal craft enterprises in South Sulawesi Province as shown in Table 4.1 is that the value is positive with the correlation value obtained is 0.392 (between 0.20-0.399). This means that the correlation between entrepreneurial learning and the performance of precious metal craft enterprises in South Sulawesi Province is weak.

Table 2. Correlation Value

Model Summary ^b				
Model	R	R Square	Adjusted R Square	Std. Error of the Estimate
1	.392 ^a	.154	.151	4.04455

4.2.2 Coefficient of Determination

Table 2 model summary shows the coefficient of determination (R-squared) of 0.154 (15.4%) which is the square of the correlation coefficient of 0.393. The contribution of entrepreneurial learning to business performance is 15.4%, while the rest is the contribution of other variables.

4.2.3 Test of Significance

The hypotheses of this study are:

Ho : Entrepreneurial learning does not affect the performance of precious metal craft enterprises in South Sulawesi Province

Ha : Entrepreneurial learning affects the performance of precious metal craft enterprises in South Sulawesi Province

Decision-making is based on probability value by statistical test using SPSS 22 software as presented below:

If the probability value (Sig. F. Change) > 0.05, Ha is accepted

If the probability value (Sig. F. Change) < 0.05, Ho is rejected

Results of data analysis using SPSS 22 software as shown in table 2 in column sig F change=0.000 indicate that Ho is rejected, which means that entrepreneurial learning significantly affects business performance of precious metal craft enterprises in South Sulawesi Province.

Table 3. Test of Significance Coefficients^a

Model		Unstandardized Coefficients		Standardized Coefficients	t	Sig.
		B	Std. Error	Beta		
1	(Constant)	20.337	1.759		11.560	.000
	PEMBELAJARAN	.373	.053	.392	6.990	.000

4.2.4 Linear Equation

SPSS 20 software is used to calculate linear equations. Based on table 3 coefficients, linear equation is presented as follows:

$$y = a + bx$$

Where: y= business performance, x= entrepreneurial learning, and a= constant

Thus, the linear equation is:

$$y = 20,337 + 0,373x$$

This equation is explained as follows:

The constant value of 20,337 indicates that if there is no entrepreneurial learning, the performance of precious metal MSMes in South Sulawesi Province is 20,337. Moreover, the regression coefficient value of 0.373 indicates that each addition of 1 (one) point on entrepreneurial learning will increase the reliability level on business performance by 20.710 $\{y = 20.337 + 0.373 * (1) = 20.710\}$. On the other hand, the reduction of 1 (one) point on entrepreneurial learning will reduce the level of business performance by 19.964 $\{y = 20.337 + 0.373 * (-1) = 19.964\}$.

4.2.5 Normality Test

Normality test shows that the scatter plot follows a linear pattern. Thus, it can be concluded that the data of entrepreneurial learning on business performance is normally distributed.

V. Discussion

The results indicate that entrepreneurial learning has a positive effect on business performance of the precious metal craft enterprises in South Sulawesi Province. The indicator dominantly affects business performance is mentoring, because a mentor acts as the teacher of all teachers for the actors of precious metal craft enterprises. A study on mentoring conducted by [7] and found that entrepreneurial learning is a critical factor that determines the viability of small and medium enterprises in various markets. His study further shows that mentoring provides long-term value-added benefits to customers and society. In the precious metal craft enterprises, mentoring helps the costumers and society to meet their needs, either for investments or accessories.

Mentoring is an activity through which respondents learn from the more experienced precious metal enterprise actors or from those with special knowledge related to precious metal craft, or to improving business performance. Mentors of the respondents based on the results of the study include parents and peers. In this case, there is a sense of satisfaction after discussing with the mentor.

The long-term benefit that a precious metal craft enterprise actor gets from mentoring is an educational investment for their offspring in the future. Knowledge gained from mentors can be an inheritance to family and others. This knowledge has a positive impact on family income and community in general. The long-term benefit to society is that the precious metal crafts serve as savings and future investments in addition to functioning as accessories.

Mentoring is one of the most influential indicators to increase the performance of precious metal craft enterprises, which has a contribution of 70.45 %. The precious metal enterprise actors rely on their mentors (in this case peers or parents) in the process of transferring knowledge related to precious metal crafts. According to the actors of precious metal craft enterprises, mentors are not only teachers for them but are also parents or the ones who can be trusted so that this indicator is more influential in improving their business performance. Similarly, a study conducted by [8] found that mentoring is associated with commitment and high performance of subordinates.

The next indicator that plays a vital role in business performance is the respondents' previous work experience and how long their precious metal craft enterprise has been running. Experience is a source of knowledge that can be utilized in everyday life. Therefore, personal experience can also be used as an effort to gain knowledge and as a source of income for those who are able to analyse and manage their experience well. This is done by repeating the experience gained in solving problems encountered in the past. Experience is very crucial in everyday life, either individually or socially, and provides benefits for our self, our families and for those in need.

Experience is a teacher of all teachers and assists in improving the performance of precious metal craft enterprises in South Sulawesi Province. Most of the entrepreneurial families eventually take their children into their business from a very early age to help them carry out their business activities [2]. Similar to Chinese Indonesian families who run precious metal craft enterprises, their children from an early age are involved in the business by helping their families keep their shops.

The experience gained by the precious metal craft enterprise actors, who knew precious metal craft when were they kids helped their parents or families in the development and marketing of precious metal craft products and in communication with customers. Based on the results of this study, the respondents, whose parents are actors of precious metal craft enterprise who introduced them to precious metal craft when they were kid, master products manufacturing and marketing better than the respondents who knew precious metals craft when they were teenagers or older.

Experience produces a different understanding for each individual. Therefore, experience has a relationship with knowledge. In this study, experience contributed 67.03 per cent to business performance, being in the lowest category because many respondents are inexperienced due to their educational background and previous work less contributing to their current work.

The third indicator that contributes to business performance is education and training conducted by the

government. This is in line with research conducted by [9] who found that entrepreneurial education in higher education has a direct relationship to the formation of student attitudes in taking risks to establish a new business. Lee & Wong's research suggests that entrepreneurs' perceptions will be more positive through entrepreneurship education, but this is also influenced by factors of external environment and entrepreneurial support by the government.

The results of the study provide an explanation that one of the factors that lead to an increase in business performance is the formal education of respondents so that they have a better quick thinking ability. In addition, they will easily adapt to every change, and their positive thoughts are more dominant so that their desire to move forward is one of the factors that lead them to new innovations.

Entrepreneurship learning through education and training held by the government contributes significantly to business performance as revealed by a precious metal craft enterprise actor named Mr. Haji Mahmud: "by attending the training carried out by the government, I can improve the marketing of my products because I can meet with other precious metal craft enterprise actors from various regions in South Sulawesi Province "(interview on September 6, 2016).

Education has a significant influence on business performance that the higher someone's level of education is, the more information on business management he/she will gain. In this case, a person with a high level of education tends to get a lot of information, both from other people and from the mass media. Conversely, a low level of education will hamper one's development and attitudes toward newly introduced values. Respondents will easily absorb the information they receive because it is supported by the formal education that they took before. The level of education also determines whether or not one can absorb and understand the knowledge gained in general. Education and training contributed 67.65 % because it provides analytical skills. Thus, it can be concluded that the higher the education level of respondents is, the higher the performance of their business will be.

VI. Conclusion

Based on the results of this study, the researcher concludes that: based on the correlation test, there is a weak correlation between entrepreneurial learning and business performance, while based on the hypothesis testing, entrepreneurial learning affects the performance of precious metal craft enterprises in South Sulawesi Province. The indicator that affects business performance the most is mentoring, followed by experience and education and training.

References

- [1] J. P. Forgas and J. M. George, "Affective influences on judgments and behavior in organizations: An information processing perspective," *Organ. Behav. Hum. Decis. Process.*, vol. 86, no. 1, pp. 3–34, 2001.
- [2] P. Lambing and C. R. Kuehl, "Entrepreneurship, Prentice Hall," *Inc N. J. USA*, 2000.
- [3] J. A. Katz, "Entrepreneurial small business," 2009.
- [4] M. J. Dollinger, *Entrepreneurship: Strategies and resources*. Marsh Publications, 2008.
- [5] P. Haynes and G. Fryer, "Human resources, service quality and performance: a case study," *Int. J. Contemp. Hosp. Manag.*, vol. 12, no. 4, pp. 240–248, 2000.
- [6] P. A. E. Senmaga-Zake *et al.*, "Poverty alleviation: Intervention, and designing and developing a survey instrument for investigating the effect of entrepreneurial skills on the performance of a small business in South Africa," *J. Small Bus. Entrep.*, vol. 18, no. 2, pp. 221–230, 2005.
- [7] K. Sullivan, *The anti-bullying handbook*. Sage, 2010.
- [8] I. A. Miller and D. C. Giancoli, *Physics: Principles With Applications*. Pearson, 1998.
- [9] L. Lee and P.-K. Wong, "Attitude towards entrepreneurship education and new venture creation," *J. Enterprising Cult.*, vol. 11, no. 04, pp. 339–357, 2003.

Ratnah S "The Effect of Entrepreneurial Learning on Business Performance: A Study on Micro, Small and Medium Precious Metal Craft Enterprises in South Sulawesi." *IOSR Journal of Business and Management (IOSR-JBM)* 20.1 (2018): PP 60-65.

The Effect of Entrepreneurial Learning on Business Performance

A Study on Micro, Small and Medium Precious Metal Craft Enterprises in South Sulawesi

ORIGINALITY REPORT

4%

SIMILARITY INDEX

2%

INTERNET SOURCES

5%

PUBLICATIONS

3%

STUDENT PAPERS

PRIMARY SOURCES

1

Aulia Ishak, Rosnani Ginting, Tasya Amalia.
"Macro excel (VBA) implementation in designing
booking information systems in uniform
convection (Case Study: Kholidi Taylor SME,
Medan Denai)", IOP Conference Series:
Materials Science and Engineering, 2020

Publication

2%

2

www.matec-conferences.org

Internet Source

1%

3

Submitted to University of Dhaka

Student Paper

1%

Exclude quotes

On

Exclude matches

< 40 words

Exclude bibliography

On